

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3400 – SB 3223

April 16, 2012

SUMMARY OF AMENDMENTS (014478, 016438): Amendment 014478 deletes all language after the enacting clause. Authorizes local governments in Anderson County to establish a pilot program by creating a corporation authorized to operate a land bank (LBC), as a public instrumentality, for the government or governments creating such corporation. All property, income, and revenue from the properties of the LBC are tax-exempt. Each LBC is governed by a board of directors (board), which may act in accordance with state law and may acquire real property within the local government's jurisdictional boundaries to be held in the land bank. Property in the land bank may be conveyed, sold, leased, or transferred for public or commercial purposes, as directed by the creating local government. Any person aggrieved by a decision of the LBC may appeal pursuant to the process established by the creating local government. The Comptroller of the Treasury is directed to monitor the actions of each LBC for three years and to report to the Governor and the State and Local Government Committees of each House his recommendations for the pilot program's continuance, expansion, or discontinuance. Amendment 016438 requires the board of the LBC to have an annual audit performed and submitted to the Comptroller of the Treasury and any creating local government. If the board fails or refuses to have the audit prepared, the Comptroller may appoint a licensed public accountant or direct the Department of Audit to prepare the audit, with costs payable by the board.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase Local Expenditures –Exceeds \$100,000/Permissive

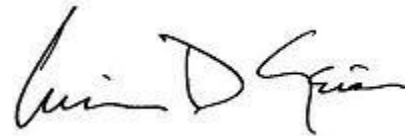
Assumptions applied to amendments:

- One municipality in Anderson County will authorize a corporation to operate a land bank as a pilot program.
- The corporation will acquire blighted, vacant, and abandoned property by purchase or gift.

- The location, number, initial cost, and redevelopment costs of such properties are unknown, but the total cost to the corporation is reasonably estimated to exceed \$100,000.
- Property that was private property before being held in the land bank will be redeveloped for either public or private use. If such property in the land bank is used for public use and thus removed from the local tax rolls, there will be a decrease in local revenue. If such property in the land bank is redeveloped and sold or leased for private use, it is estimated there will be an increase in the value of such property and a corresponding increase in local revenue from property taxes. It is assumed that the potential decrease in local revenue from property used for public use will offset the increase in local revenue from property used for private use, resulting in a not significant fiscal impact.
- The local governing body will authorize an appeals process for aggrieved persons using existing resources. Any increase in the workload from additional appeals is estimated to be not significant.
- The Comptroller will monitor the status of the pilot program and report to the General Assembly using existing resources without an increased appropriation or reduced reversion.
- Any cost to perform the annual audit of the LBC shall be borne by the LBC and will not impact state or local governments.
- According to the Comptroller's Office, the audits will be reviewed without any additional fiscal impact to the office.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/ldg